



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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**DARLENE GREEN**  
Comptroller

***Internal Audit Section***

**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

March 29, 2011

Judy Bentley, President/CEO  
Community Health-In-Partnership Services  
2431 N. Grand  
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG) (Project #2011-CDA5)

Dear Ms. Bentley:

Enclosed is a report of our fiscal monitoring review of Community Health-In-Partnership Services (Agency), a not-for-profit organization, CDBG Program, for the period January 1, 2010 through August 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Community Health-In-Partnership Services. Fieldwork was completed on November 23, 2010.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Community Development Administration (CDA) to provide fiscal monitoring to all federal grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at 314-622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**COMMUNITY HEALTH-IN-PARTNERSHIP SERVICES  
CONTRACT #10-13-79  
CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2010 THROUGH AUGUST 31, 2010**

**PROJECT #2011-CDA5**

**DATE ISSUED: MARCH 29, 2011**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
COMMUNITY HEALTH-IN-PARTNERSHIP SERVICES  
FISCAL MONITORING REVIEW  
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**TABLE OF CONTENTS**

<b>Description</b>	<b>Page(s)</b>
<b>INTRODUCTION</b>	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
<b>SUMMARY OF OBSERVATIONS</b>	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
<b>DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES</b>	3 – 5

## **INTRODUCTION**

### **Background**

**Contract Name:** Community Health-in-Partnership Services

**Contract Number:** 10-13-79

**CFDA Number:** 14.218

**Contract Period:** January 1, 2010 through December 31, 2010

**Contract Amount:** \$72,500

This contract provided Community Development Block Grant (CDBG) funds to Community Health-In-Partnership Services (Agency) to provide primary health care and social service programs for uninsured and underserved women, children, and their families residing in the near north side of the city.

### **Purpose**

The purpose of the review was to determine the Agency's compliance with federal, state, and local Community Development Administration (CDA) requirements for the period January 1, 2010 through August 31, 2010, and make recommendations for improvements as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to grants administered by CDA. Evidence was tested supporting reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on November 23, 2010.

### **Exit Conference**

An exit conference was conducted at the Agency on March 1, 2011. The Agency was represented by Judy Bentley, CEO; Herbert Bentley, Business Manager. The Internal Audit Section (IAS) was represented by Jeremy Holtzman, Auditor II; Chance Key, MBA, Auditor-in-Charge.

### **Management's Responses**

Management's responses to the observations and recommendations noted in the report were received on March 7, 2011, and have been incorporated into the report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with federal, state, and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2010-CDA9, issued December 16, 2009 contained no observations.

### **A-133 Status**

According to a letter received from the Agency, the Agency did not expend \$500,000 or more in federal funds for the year ended December 31, 2009 and was not required to have an A-133 audit.

### **Summary of Current Observations**

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state, and local CDA requirements.

1. Opportunity to timely file IRS Form 990 in a timely manner
2. Opportunity to submit monthly financial reports in a timely manner

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **1. Opportunity To File IRS Form 990 In A Timely Manner**

It was noted that as of the end of the fieldwork date, the Agency had not filed its 2009 IRS Form 990. This form was due on May 15, 2010. The Agency provided documentation of filing an automatic three-month extension, which extended the due date to August 16, 2010.

The Agency's business manager said that he received a verbal approval of the second extension, from the IRS agent, but did not receive documentation from the IRS agent. Consequently, the business manager said that he filed the IRS Form 990 on February 17, 2011.

According to US Code Title 26 Section 6033 (a) (1) "...every organization exempt from taxation under section 501 (a) shall file an annual return, stating specifically the items of gross income..." IRS Form 990 must be filed by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the organization's accounting period.

The Agency does not have a system of internal control in place to ensure that IRS Form 990 is filed by the due date.

According to US Code Title 26 Section 6652 (c) (1) (A), a penalty of \$20 a day, not to exceed the smaller of \$10,000 or 5% of the gross receipts of the entity for the reporting period can be charged when a return is filed late.

#### **Recommendation**

It is recommended that the Agency implement a system of internal control to ensure its IRS Form 990, including any applicable requests for extensions, are filed by the required due date.

#### ***Management's Response***

*The Agency does not concur with this observation. IRS Form 990 was presented to the auditor during the exit conference – filed with the Internal Revenue on February 17, 2011 per prior agreement with the IRS Agent.*

*During the field audit phase of this internal audit we shared with the CDA auditor that our CPA firm was working with an Internal Revenue Service Agent who extended the time for CHIPS to file a corrected IRS Form 990 for the year 2009. This extension date was February 18, 2011. The return was filed with the IRS on February 17, 2011. Copy of corrected IRS Form 990 for the year 2009 was provided to the CDA auditor during the exit interview meeting.*

**Auditor's Comment**

IRS Form 990 for the tax year 2009 should have been filed by May 15, 2010. The Internal Audit Section has not received documentation of a second extension of filing IRS Form 990. The business manager said that he filed the IRS Form 990 on February 17, 2011. Internal Audit Section stands by its observation.

## 2. Opportunity To Submit Monthly Financial Reports In A Timely Manner

The Agency submitted five of seven monthly financial reports reviewed, late by an average of 28 days:

Reporting Month	Due Date	Date Submitted	Number of Days Late
March 2010	April 10, 2010	May 25, 2010	46
April 2010	May 10, 2010	May 25, 2010	16
May 2010	June 10, 2010	June 21, 2010	12
June 2010	July 10, 2010	August 9, 2010	31
July 2010	August 10, 2010	September 13, 2010	34
Total days late			139
Average days late			28

The CDA agreement states, "...the Operating shall be required to submit monthly financial reports to the Comptroller's Office-Federal Grants Section no later than the 10<sup>th</sup> calendar day following the reporting month."

Non-compliance with the CDA regulations may cause a delay or suspension in the processing of reimbursement requests resulting in interruption in the Agency's service to its clients.

The Agency did not have a system of internal control in place to ensure compliance with the reporting requirements of the grant contract.

### Recommendation

It is recommended that the Agency comply with CDA procedures and ensure that its monthly financial reports are submitted by the required due dates.

### Management's Response

*The Agency concurs with the observation. The Business Office has instituted internal control procedures that will ensure all future financial reports will be filed by the due date.*